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CIA 104 Roosevelt, Kermit
(orig under Egan)

NORTHROP: PAYOFFS AND ARMS SALES

Hearing Set

By Jack Egan

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More than 500 pages detailing attempts by the Northrop Corp. to influence foreign military sales through payoffs to officials and the use of high-priced, well-connected consultants were released yesterday by the Senate Foreign Relations Subcommittee on Multinational Corporations.

The Northrop documents "provide a unique and disturbing insight into the mechanics of foreign military sales and procurement," said subcommittee Chairman Frank Church (D-Idaho) and ranking Republican Sen. Clifford P. Case of New Jersey in releasing the formerly secret papers.

The subcommittee, which has been looking into foreign payoffs by U.S. corporations, will hold two days of hearings next week, on Northrop activities.

The senators said they hope the sessions will lead to a review of the government's policy on foreign military sales, saying it is in this country's interests that procurement decisions made

by foreign governments be based on their legitimate defense needs "and not on a competition in corruption among the agents of the arms producers."

Among the revelations contained in the documents:

Gen. Paul Stehlin, until last year a chief deputy in the French National Assembly, was secretly on Northrop's payroll between 1964 and 1974 as a consultant, reporting directly to the company's chairman, Thomas V. Jones.

Stehlin, who was the French Air Force chief of staff just before joining Northrop, was reported in grave condition late yesterday after he was reportedly hit by a bus in Paris.

Kermit Roosevelt, a former CIA Mideast operative who reportedly helped to overthrow Mohammed Mossadeq in 1953 and return the present shah of Iran to the throne, is Northrop's top consultant for Mideast business. Roosevelt deals directly with the leaders of Iran and Saudi Arabia for Northrop and has been instrumental in winning \$1 billion in sales for the company in the area. He is the grandson of President Theodore Roosevelt.

Northrop in 1971 secretly established a Swiss company, the Economic & Development Corp., which receives sales commissions on a large part of Northrop's worldwide fighter business, even on deals where it does nothing.

Although EDC has earned more than \$1.2 million in fees from Northrop, top Northrop officials have said they don't want to know what the company does for them. EDC is described as working "behind the scenes through use of the right people in the right places," in one of the documents.

Adnan Khashoggi, the middleman on many major arms sales to Saudi Arabia, discussed questionable payoffs in an Aug. 9, 1973, meeting at the Pentagon with Defense Department and Northrop officials, according to an account of the meet-

ing. Northrop directors this week said they confirmed the company made \$450,000 in payments to Khashoggi in 1972 and 1973 intended as bribes for two Saudi generals. Khashoggi has denied the charges.

After the Department of Defense drew up strict rules against the entertainment of Pentagon officials by defense contractors, Northrop issued a directive to its Washington office to use "Northrop private" designations on expense vouchers to avoid identifying any military officers that may have been wine and dined.

Northrop has retained a number of top U.S. and foreign government military officials as consultants after they left their posts. A Col. S. W. Towle, in a 1971 company memorandum on consultants, is described as having "a unique capability to Northrop in terms of discreet liaison with very senior Air Force officers."

Northrop's top Washington consultant, Frank J. DeFrancis, told auditors investigating the company's activities that U.S. military officers were susceptible to bribes and graft.

"He said that for approximately a year after leaving the service, an officer could be effective in helping on various matters," according to an account of the interview with DeFrancis. "He went on to point out the many officers who had taken positions with companies following their retirement," the account continued.

A number of Northrop's European consultants were apparently retained to give the Los Angeles-based company—which has specialized in selling its hardware abroad—discreet access to the highest levels of government.

Hubert Weisbrod, a Swiss consultant, has given Northrop "an unusual visibility into the highest councils of NATO, the Common Market community, and the many official and unofficial discussions between the highest officials in Europe." Northrop chairman Jones wrote in reply to inquiries from

Ernst & Ernst, the auditors, who asked what Weisbrod did for Northrop.

A Dutch consultant, J. Gerritsen, acted "as a trusted communications channel between the highest levels in the Dutch government and the president of the Northrop Corp.," Jones said.

There are also indications that a former member of the German Bundestag, Franz Joseph Bach, was the recipient of cash payments from Northrop through DeFrancis, according to the documents, but it wasn't clear whether he was still in the parliament at the time.

The Church subcommittee said it intends to probe the Saudi bribes, the payment of fees to any members of West European parliaments or former high military officers, as well as the role of Kermit Roosevelt in influencing weapons policies in Iran and West Germany.

The batch of documents released yesterday are the latest in a series of revelations about Northrop that trace back to the company's illegal \$150,000 contribution to the 1972 Nixon re-election campaign.

The money, which was laundered through a French consultant, and was drawn in part on a Luxembourg bank, was among the first of the contributions traced by investigators looking for

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